

Staff Report

To: Mayor and Council Members

From: Interim Director of Finance and Public Works Director

Date: August 2, 2016

Subject: Request for Proposal (RFP) for Fixed Assets, Pavement Management Inventory and Inventory Maintenance Services in Compliance with GASB 34

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**Background and Analysis:**

Governmental Accounting Standards Board (GASB) is a private, nonprofit organization formed in 1984 to develop and improve accounting and financial standards for state and local governments. GASB is responsible for setting generally accepted accounting principles (GAAP) for both state and local governments.

GASB 34, issued in June of 1999, represents a significant change to traditional government financial reporting standards. Accrual accounting is required for all government activities and all capital assets are generally required to be depreciated. Additional information such as the Management's Discussion and Analysis is also required.

Fixed asset requirements of GASB 34 requires that fixed asset records must be maintained by public entities in a complete, accurate and detailed manner, and that governments report all capital assets with the consideration of depreciation, including infrastructure assets and "historical treasures." Government agencies should report all capital assets, including infrastructure assets, in the government-wide statement of net assets and generally should report depreciation expense in the statement of activities.

Capital assets are those assets that have a useful life extending beyond a single reporting period. Capital assets should be recorded at their original cost (historical cost).

Capital Assets can include:

- Land and Easements
- Buildings
- Equipment, Machinery and Vehicles
- Infrastructure (including such things as roads, lighting systems, sidewalk systems, utility systems, and others)
- "Historical Treasures"

The recognition of capital assets represents neither an improvement nor weakening in the financial health of Beaumont, but instead will validate the continuing efforts to properly report the City's activities. The identification and valuation of capital assets is essential, not only for the reporting inadequacies, but also to properly plan for future service and replacement needs. Over the last year, outside consultants and government agencies alike, noted that the City was out of compliance. The State Controller's Office audit report includes a section within finding number 1 related solely to the lack of accounting for fixed assets and equipment inventory. The Fixed Assets, Pavement Management Inventory and Inventory Maintenance Services contract will be crucial to positive resolution of the non-compliance findings.

**Fiscal Impact:**

City Council will have the chance to approve the contracts once the bids are submitted and reviewed; however, the study will be paid from General Fund, Wastewater Enterprise Funds and Impact Fees.

**Finance Director Review:**



**Date:**

7/28/16

**Recommendation:**

Approve the attached RFP and authorize advertisement.

**City Manager Review:**



**Date:**

July 28, 2016

**Attachment A: Draft RFP**

## Attachment "A"

11

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## **CITY OF BEAUMONT**

550 E. Sixth Street, Beaumont, CA 92223

Phone: (951) 769-8520 Fax: (951) 769-8526

# **REQUEST FOR PROPOSAL**

## **FIXED ASSET INVENTORY TRACKING SYSTEM AND RELATED SERVICES**

### **CITY OF BEAUMONT FINANCE DEPARTMENT**

Melana Taylor, Interim Finance Director  
550 E. 6th Street - Beaumont, California 92223

(951) 769-8520

E-mail address: [mtaylor@ci.beaumont.ca.us](mailto:mtaylor@ci.beaumont.ca.us)

**RFP PUBLISHED:**

**PRE-PROPOSAL MEETING :**

**BIDS MUST BE RECEIVED BY:**

**PLACE OF BID RECEIPT:**

**August 5<sup>TH</sup>, 2016**

**August 18<sup>TH</sup>, 2016, 9:00 A.M.**

**September 1<sup>ST</sup> 2016, 3:00 P.M.**

**FRONT DESK**

**550 E. 6th Street**

**Beaumont, CA 92223**

RFP Available online at:

<http://www.beaumontcares.com>

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## ***Overview***

The City of Beaumont is soliciting proposals from independent firms for its fixed assets and inventory maintenance services for the period of one year with the option to extend for three additional years. Year one will begin October 2016.

## ***Section I Purpose and Scope***

The purpose of the engagement is to determine original cost and depreciation on the City's capital assets as set forth by the capital asset reporting requirements of GASB Statement 34, to establish a property control tracking system utilizing barcode technology, and to provide current insurable values to be used for insurance reporting purposes.

## **Overall Objectives and Goals**

### **A. Financial Reporting**

The proposed fixed asset service shall ensure that all financial reports emanating from the fixed asset system fully comply with generally accepted accounting principles, GASB Statement #34, all relevant grant funding regulations, and specifications of the City of Beaumont.

### **B. Local Accountability and Control**

The proposed fixed asset service must include a fixed asset system that contains the necessary features and capabilities sufficient to control the acquisitions and disposition of fixed assets, the in-district movement of those fixed assets, and establish accountability for any loss or theft.

The City considers this project to contain seven (7) major components, each of which is fully described in Section 3, and are summarized below:

- 1) Fixed Asset Inventory System/Classification Recommendation.
- 2) Inventory Services.
- 3) Fixed Asset Management System.
- 4) Fixed Asset Valuation Accounting System.
- 5) Technical Support and Training.
- 6) Project Schedule.
- 7) Ability to continuously update in on-site database electronically.

The proposed vendor Fixed Asset service must include all of the above functions and systems.

## ***Section 2 Background***

The City of Beaumont was incorporated in November 1912. The City is located in the westernmost portion of Riverside County and is bounded on the west by Calimesa and unincorporated areas, on the north by the unincorporated County areas (Cherry Valley), on the south by unincorporated County areas and the City of San Jacinto, and on the east by the City of Banning. The land area within the City's boundaries is approximately 26 square miles.

City provides in-house Police, Public Works, Finance, Community Services, Building and Community Development and Administrative services Departments. The City also provides wastewater services to the residents within the City. The operation and maintenance of the wastewater system is contracted out. The city also contracts out for solid waste and fire prevention services.

#### **City of Beaumont Capital Asset Policy**

The City of Beaumont is proposing to use two different thresholds for its fixed asset inventory system. For GASB Statement #34 requirements, this threshold will be set at \$5,000 for accounting purposes. For tracking, control and accountability, the fixed asset threshold will be \$500.00 with the exception of sensitive items, regardless of price (e.g. cameras, portable handheld radios, cell phones, and other small instruments).

#### **City of Beaumont Capital Assets**

City has never catalogued or performed a systematic study to assess quantity and value of its capital assets. Currently the city has no assets shown for city. However, for the Wastewater enterprise fund, the net fixed assets, including land have a book value at of \$51,300,123 6/30/15.

City also does not have a comprehensive and up to date pavement management inventory for its street system. A comprehensive street management inventory is also part of this study. The intent is to establish such an inventory that can be utilized to provide data to the Council or other applicable agencies on the overall condition of the roads in City and use the data to plan capital improvement projects.

### ***Section 3 Services/Products Required***

The City requires **all** of the following services/procedures to be provided:

#### **1) Fixed Asset Inventory System/Classification Recommendation**

The District requires that the successful vendor provide a fixed asset inventory system, which includes the classification, asset tagging process, and inventory policy to conform to requirements of GASB Statement #34, and provide useable management information. These recommendations must minimize the time spent accounting for capital assets while safeguarding all assets specified. **Particular attention must be given to tracking disposals and transfers and the methodology to be used for periodic inventories performed by City personnel.**

#### **2) Inventory Service**

Vendor will be required to perform an annual comprehensive inventory of all fixed assets. During the inventory process, all of the following information should be captured when possible:

Asset Number (barcode on equipment and minor assets that)

Asset Group

Serial Number

Location and Size

Department

Manufacturer  
Model  
Purchase Order Number  
Funding Source  
Date Placed Into Service  
Date Inventoried  
Date Transferred  
Date Disposed

All inventoried assets will be tagged when feasible. Vendor will recommend a tagging system and placement standards for the City's consideration. Paper tags are unacceptable. Asset tags must include additional text: "Property of City of Beaumont."

The Vendor will provide reasonable assurances that the inventory count performed is materially accurate and will include a copy of their quality control process with their response to this RFP.

C. In conjunction with the valuation, the vendor will supply fixed asset accounting software compatible with the asset management software and supply all training, documentation, and continued software support. The basic functional requirements of this software are:

Supports straight-line depreciation and asset classes

Supports user defined depreciation methods.

Provides complete audit trail

Supports monthly closing with journal entries

Fully integrated with and compatible with fixed asset management system

Software supports fully a custom report writer.

D. Fixed Asset Management System

The vendor will provide an asset management system capable of maintaining all asset information specified. Included in this requirement will be installation, all documentation, training and procedural documents and manuals. The asset management system shall include hardware and software as specified below.

- Hardware

The City requires sufficient scanners, tags, etc, to enable the City's personnel to affix tags, scan and update inventory whenever it desires.

- Software

The asset management system software must be accessible across a local area network to client running on the latest version of Windows.

The system must also be a multi-user application able to run in a Windows network environment. The software must provide independent capability for the City's personnel to produce reports in any configuration or format desired at any given time.



#### **E. Fixed Asset Valuation/Accounting System**

For all capital assets identified during the inventory, the vendor will provide the following data:

- Replacement cost for all buildings, machinery and equipment using a \$50 acquisition threshold.
- Historical cost for all buildings, machinery infrastructure and equipment using a \$5,000 acquisition threshold. These historical records shall be traceable to specific purchase orders/contracts and funding sources. In the absence of the above records, the vendor may supply an estimated historical cost or fair market value.

#### **F. Technical Support and Training**

The City requires ongoing technical support, product and software updates, training for District personnel, etc. during the life of this contract.

#### **G. Project Schedule**

The City expects to award a contract by October 2016. The physical inventory, retagging and data collection will take place during the months of November and December, 2016. For any items not located during the physical inventory, the contractor will do a second data collection. Final fixed asset inventory reports and all accounting reports are expected no later than February, 2017. The City will ensure that all current records and facilities are open and available to accomplish this time line. A vendor supplied weekly project schedule, including progress reports and a schedule of meetings must be included as part of the response to this RFP.

#### **H. Pavement Management Inventory**

Development of a Pavement Management System utilizing an approved software system including, but not limited to, linkage to GIS where available, pavement condition field surveys, and data entry into software system.

##### ***Task 1: Conduct Pavement Condition Field Surveys***

The consultant shall conduct field surveys on all paved streets and roads within the City from the roadway centerline to the edge of the existing pavement.

##### ***Task 3: Data Entry***

The consultant shall input field data and perform PCI calculations and lists street centerline miles by residential, collectors and arterial types

##### ***Task 4: GIS Linkage***

The consultant shall link new software system with Geographic Information Systems (GIS). This shall include defining relationships between existing GIS street and road data and Pavement Management Program segments, creation of additional nodes as necessary, linking of the data, utilization of quality control procedures to verify proper linkage, and development of pavement condition reports for the maintained mileage.

#### ***Task 5: Detailed Final Report***

The consultant shall prepare a final report for the agencies selected for updates during this cycle. The report should include the following:

- Summary of work performed
- Summary of PCI conditions within each sub category
- Recommendations for future maintenance with several levels of expenditures.

#### ***Provided Information and Support***

City will provide the consultant with maps identifying the existing road system. GIS shape files will be provided if available and upon request.

### ***Section 4 Qualifications and Response Requirements***

The City requires that all responses to this solicitation contain all the following information:

- A. Company Name, Address, and Phone
- B. Primary Contact Name, Address, Phone, Fax and email address
- C. Federal Employer's Identification Number and State and Date of Incorporation
- D. Evidence of General Liability, Workman's Compensation and Employee Bonding Insurance.
- E. List of Completed Projects of similar size and complexity including a project overview of each.
- F. List of References for Inventory Services including Name, Organization, Phone and e-mail address and company like size and number of fixed assets.
- G. List of References for Asset Management Software including Name, Organization, Phone and email address.
- H. List of References for Fixed Asset Accounting Software including Name, Organization, Phone and email address.
- I. Description of Quality Control Process used during the inventory phase.
- J. For each of the following, provide a description of the process used:
  - Asset Classifications
  - Inventory Service
  - Asset Valuation
  - Reconciliation
- K. Describe the warranty and technical support of hardware and Software products.
- L. Each potential contractor is to submit one original and six (6) copies of their proposal.

### ***Section 5 Other Matters***

Prices quoted in proposals must be held firm for the life of the potential Contract.

Although the request is for one year with an option to extend, City will evaluate the vendor's performance regularly. Criteria for evaluation, termination or continuation of the contract will be set forth within the terms of the contract.

The successful vendor shall not assign, convey, or otherwise dispose of the contract of any part of it or any monies due and payable under the contract, without the prior written approval of the City. If awarded the contract, the successful vendor agrees to execute attached contract and obtain policies of insurance for the following coverage in the amounts listed in exhibit A.

All proposals must be delivered by 2:00 P.M. on , September 1<sup>st</sup>, 2016. The City will not be liable for any mail or delivery delays by any mail or postal carrier.

All inquiries regarding this proposal must be submitted in writing. Inquiries and responses will be recorded and distributed to all vendors submitting a proposal.

Inquiries must be received by the City no later than seven (7) days prior to the proposal submission due date. Questions received after this date will not be considered. Submit questions in writing and mail or fax to:

City of Beaumont

Finance Department

650 E 6<sup>th</sup> Street

Beaumont Ca. 92223

Attention: Melana Taylor

E-mail: [mtaylor@ci.beaumont.ca.us](mailto:mtaylor@ci.beaumont.ca.us)

Fax No. (951) 769-8526

The City reserves the right to award a contract in full, partially or not at all. This RFP should not be construed as a contract to purchase goods or services. The City is not bound to accept the lowest price or any proposal of those submitted.

The evaluation process of the Request for Proposals will be based on the following:

- |    |   |           |
|----|---|-----------|
| 1. | Vendors Experience  | 20 points |
| 2. | Financial Analysis of the Vendor  | 5 points  |
| 3. | References  | 10 points |
| 5. | Cost Effectiveness  | 20 points |
| 6. | The system offered must be user friendly and meet the complete requirements listed in section 3 of the Proposal. The ease of capturing and updating the inventory and independently running reports is a major requirement for this proposal. | 40 points |
| 7. | System Compatibility:   | 5 points  |
|    | Compatibility to be interfaced with Excel.  |           |
|    | Compatibility to other mainframe systems.   |           |

## ***Section 6 References***

Vendors must provide the names, phone numbers and contact persons for three (3) or more public agencies who have received services similar in scope to those required by the City.

## ***Section 7 Proposal Cost***

The cost proposal must be submitted in a separate sealed envelope. The consultant shall submit separate sheet of costs proposal for the following three categories;

- 1) All assets held by General Fund Departments.
- 2) All assets belonging to Wastewater Department.
- 3) Pavement Management Inventory.

### **General Fund assets**

- |               |          |
|---------------|----------|
| 1. Year One   | \$ _____ |
| 2. Year Two   | \$ _____ |
| 3. Year Three | \$ _____ |
| 4. Optional Y | \$ _____ |

### **Wastewater Fund assets**

- |               |          |
|---------------|----------|
| 1. Year One   | \$ _____ |
| 2. Year Two   | \$ _____ |
| 3. Year Three | \$ _____ |
| 4. Year Four  | \$ _____ |

### **Pavement Management Inventory**

- |               |          |
|---------------|----------|
| 1. Year One   | \$ _____ |
| 2. Year Two   | \$ _____ |
| 3. Year Three | \$ _____ |
| 4. Year Four  | \$ _____ |

### **Other**

- |                          |          |
|--------------------------|----------|
| Additional Software Cost | \$ _____ |
| Additional Hardware Cost | \$ _____ |

**Vendor Name** \_\_\_\_\_

**Address** \_\_\_\_\_

**Phone/Fax** \_\_\_\_\_

**E-Mail Address** \_\_\_\_\_

**Representative's Signature** \_\_\_\_\_

**Date** \_\_\_\_\_

Exhibit A: Professional Services Contract